RAJYA SABHA

Thursday, the 25th July, 1991/3 Sravana, 1913 (Saka)

The House met at eleven of the clock, Mr. Chairman in the Chair.

ORAL ANSWERS TO QUESTIONS

Price of Pepsi's soft drink concentrate

*161. SHRI RAM NARESH YADAV:† SHRI DIPEN GHOSH:

Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) whether Government's attention has been drawn to the news report which appeared in the Financial Express dated 12th June, 1991 captioned 'Pepsi puts a lot of fizz in protest';

(b) whether it is a fact that the 3 member committee has pointed out that Pepsi has submitted a very low price for its soft drink concentrate;

(c) whether it is also a fact that price of Pepsi soft drink concentrate as per the excise records is much higher than what Pepsi submitted to Government;

(d) if so, whether the Ministry has ascertained the actual price of the soft drink concentrate from Pepsi Foods;

(e) if not, the reasons for not getting the actual price of the soft drink concentrate from Pepsi Foods; and

(f) what action has been taken against Pepsi Foods for not giving correct information to Government?

THE MINISTER OF STATE INDEPENDENT CHARGE OF THE MINISTRY OF FOOD PROCESSING INDUSTRIES (SHRI GIRIDHAR GOMANGO): (a) and (b) Yes, Sir.

(c) and (d) While the information originally furnished by the company showed a lower unit price, the information now furnished shows a higher price. The subsequent figure almost corresponds to figures collected from Central Excise authorities.

(e) Does not arise.

(f) Since the revised information was received very recently the company is being asked to explain why it gave lower figures to the team.

श्री राम नरेश यादव : महोदय, माननीय मंत्री जी ने जो उत्तर दिया है उसे देखने से ऐसा लगता है कि वह बिल्कुल अस्पष्ट है और यह मैं इसलिए कहता हूं कि यह ज्वाइंट वेंचर की कम्पनी यू०एल० ए० की पेप्सिको पंजाब एग्रो इन्डस्ट्रीज कारपोरेशन के जरिए औ फिर वोल्टास के जरिए कायम की गई थी । इसके पीछे मकसद यह था कि पंजाब के अंदर जो फूट्स एण्ड वेजीटेबिल्स हैं, जिनका नुकसान हो जाया करता है, उनके लिए एक ऐसी इन्डस्ट्री लगाई जाए ताकि उनका उपयोग हो सके । यह भी अनुबंध में था कि कम से कम 25 परसैंट साफ्ट ड्रिंक कान्संट्रेट वहां से पैदा होगा और 50 प्रतिशत जो इम्पोर्ट होगा, 40 प्रतिशत उसके प्रोडक्ट से होगा और 10 परसैंट इधर से होगा किन्तु महोदय इस बात को छिपाने के लिए किस तरह से वे गोल-माल कर रहे हैं । उसका असली मूल्य क्या है, उस मूल्य को छिपाने के लिए ये सरकार को दूसरे दाम घोषित करते हैं और जो दूसरी एजेंसीज हैं उनको दूसरा मूल्य बताते हैं, जिसको कि मंत्री महोदय ने अपने उत्तर "(ग) और (घ)" में स्पष्ट किया है कि :- "मूल रूप से कम्पनी द्वारा दी गई सूचना में यूनिट मूल्य कम दिखाया गया था, परन्तु अब दी गई सूचना में अधिक मूल्य दिखाया गया है ।"

मैं जानना चाहता हूं कि आखिर पहले कौन से मूल्य दिखाया गया था और बाद में क्या मूल्य दिखाया गया? दोनों में अंतर क्या है और इस अन्तर को देने का कारण क्या था ?

SHRI GIRIDHAR GOMANGO: Sir, when the team visited, the company furnished to the team the old price of Rs. 1802 per unit which comes to Re. 1/- per

†The question was actually asked on the floor of the House by Shri Ram Naresh Yadav.

case approximately. Now they have furnished the price of Rs. 8058/- per unit which comes to Rs. 4.73 per case.

श्री राम नरेश यादव : महोदया, प्रश्न यह खड़ा होता है कि आखिर यह ... (**व्यवधान**) ... मैंने यह प्रश्न किया ..

श्री सभापति : वह उन्होंने पूछा था, उसका जवाब दे रहे हैं ।

श्री राम नरेश यादव : मैंने पूछा था कि यह अन्तर क्यों इस तरह से दिखाया था ? इसका उत्तर नहीं आया, इसका उत्तर दे दें तो उसके बाद मैं दूसरा प्रश्न करूंगा ।

श्री सभापति : वह जवाब दे रहे हैं ।

SHRI GIRIDHAR GOMANGO: I have already mentioned about the reply which was given by Pepsi to the team, which is not correct, and..

MR. CHAIRMAN: And you have asked them to tell you why did they do it.

यह तो जवाब में कहा है उन्होंने कि पूछा है उनसे कि उन्होंने ऐसा काम क्यों किया ?

महोदय प्रश्न यह है कि एक तो वहां पर इसलिए हुआ था कि पचास हजार लोगों को काम मिलेगा । तो इनको जो तीन चीजें करनी थी उसमें तो कुछ किया नहीं एक तो एग्रो रिसर्च सैंटर खोलने का, पोटेटो प्रोसेसिंग यूनिट खोलने का, फ्रूट वेजीटेबिल प्रोसेसिंग यूनिट और सोफ्ट ड्रिंक मैन्युफैक्चरिंग केवल यह सोफ्ट ड्रिंक कान्सन्ट्रेट मैन्युफैक्चरिंग करने का काम कर रहे हैं जिसमें से उसका 25 फीसदी पूरे टर्न ओवर का होना चाहिये इसलिये इसको छिपाने के लिये इस तरह से उन्होंने अधिक दाम और कम दाम दोनों दिखाने की कोशिश की थी । मैं जानना चाहता हूं कि सरकार इस बात को ध्यान में रखते हुये उसके खिलाफ क्या कार्यवाही करने जा रही है ताकि जो अनुबंध हुआ था उसका भविष्य में पालन हो सके ? क्या इस आधार पर सरकार उनको निर्देश भी देगी कि यह एग्रो रिसर्च सैंटर भी खोले जाये, पोटेटो प्रोसेसिंग यूनिट भी लगायी जाये और फ्रूट वेजीटेबिल प्रोसेसिंग यूनिट भी लगायी जाए और तब सबको मिला कर के जो उनका टर्न ओवर हो उसका 50 फीसदी इंपोर्ट करना है . लेकिन जानबूझ कर के यह तो धोखा धड़ी का काम जोइंट वेंचर कम्पनी कर रही है । सल्टी नेशनल का करके हमारे यहां किसानों का भी बहुत नुकसान किया जा रहा है । जो पोटेटो की खेती कराने की बात एग्रो रिसर्च सैंटर के आधार पर है वहां के किसानो का इस साल बहुत नुकसान हो गया है, आलू के मामले में भी इसलिए मैं जानना चाहता हूं कि सरकार इस दिशा में क्या दृष्टिकोण अपना रही है ?

SHRI GIRIDHAR GOMANGO: Sir, we have already issued a show-cause notice on 19-4-1991. On the basis of the information furnished by the Company now we have asked them to explain the difference between the information furnished by the company now and that given to the team.

MR. CHAIRMAN: He wants to know whether you are going to make them do the rest of the job of potato processing and other things?

SHRI GIRIDHAR GOMANGO: They will have to fulfil the conditions laid down by us.

श्री राम नरेश यादव : अभी तक तो फुलफिल किया नहीं है... (**व्यवधान**)

श्री सभापति : अब करेंगे, करायेंगे उसको ।

श्री राम नरेश यादव : जो अब तक नुकसान हो गया है उसके लिये कौन दोषी है, यह भी तो एक प्रश्न खड़ा होता है ।

श्री संघ प्रिय गौतम : यादव जी की सरकार दोषी है.. (**व्यवधान**)

श्री राम नरेश यादव : जो डेढ साल से सरकार रही थी उसका यह कारनामा है ।

श्री यशवन्त सिन्हा : अब तो आप रसातल में ले जा रहे हैं ।

SHRI DIPEN GHOSH: Not only the present Government, but the previous Government had also admitted that this particular company had violated all the conditionalities and commitments under which they were granted a joint venture colloboration scheme. I had already received a letter from his predecessor. I quote a portion of it. "Not only they have failed to set up the agro-research centre, but they have also performed miserably in their export commitment. They have not exported any items of their own production but have exported some other items which are not strictly covered in the letter of intent. To enforce the condition of keeping the production of soft drink concentrate within 25 per cent. instructions have been given that restrictions be imposed on their new bottling operation". This was the reply given by his predecessor. Sir, you will surely understand and realise that this Pepsi Company has quoted two prices, one to the Government and another to Excise. The Minister had admitted that they had quoted two different prices. The previous Government had wanted this firm to concentrate on that 25 per cent. Because this venture collaborations was granted mainly for agro-research centre, for processing potatoes and other things, not for soft drinks, they have restricted 25 per cent of their production to soft drink concentrate. In order to circumvent that particular conditionality, they quoted a lower price to the Government and a higher price to the Excise. Before I put my supplementary, I would like to know from the Minister whether this company is still trying to circumvent that letter of intent though they have said, now, that it is all right? The Company is charging royalty from the bottlers. They are splitting the price into two. One is the price and another is the royalty. The royalty is not included in the price. If royalty is included, the Company's production of soft drink concentrate comes to 67 per cent of turnover, what to speak of 25 per cent. This is the actual position. My question is, is the hon. Minister aware that royalty s charged by Pepsi Foods from its bottlers for using the Company's brand namee? If so, I would like to know whether it has been included in the price declared by Pepsi Foods? Part (b) of my question is, is the Government aware that if royalty is included, the production of soft drink concentrate will become 67 per cent? Part (c) of my question is, when the Government has come to the conclusion that they have failed to fulfil all their commitments which they were asked to fulfil. what action the Government is going to take against the Company immediately?

SHRI GIRIDHAR GOMANGO: Sir, on the basis of the reply furnished by the Company. we have already issued show-cause notice. This is one thing. Secondly, on the basis of the calculations made by the Ministry. we find that they have exceeded the limit of 25 per cent in relation to soft drink concentrate production. Because of this. we have already issued show cause notice. (*Interruptions*) I am coming to your point. Sir, what I am going to do is. I am going to entrust all these questions—the reply given by the Company the Central Excise records about price, etc.—to the Inter-Ministerial Group to examine the details and come to a conclusion.

SHRI DIPEN GHOSH: Sir, I seek your protection.

MR. CHAIRMAN: He has asked whether you are aware that royalty is not included in the price.

SHRI DIPEN GHOSH: Mr. Chairman, Sir, the hon. Minister himself has admitted that the Company quoted a lower price. Then. they quoted a different price. Even according to the reply given. the soft drink concentrate production comes to 41 per cent. As I said they split the price into two. The royalty is not included in the price. Is the Minister aware of this? If so, what action is being taken against the Company? They are still trynig to circumvent.

MR. CHAIRMAN Mr. Minister. he says that royalty is not included in the calculation.

SHRI GIRIDHAR GOMANGO: They are calculatng on the basis of excise duty and other things put together.

SHRI DIPEN GHOSH: Is the Minister aware of this? (*Interruptions*).

SHRI GIRIDHAR GOMANGO: Sir, as I said earlier, I will entrust this to the Inter-Minsteral Group so thiat they can examine all these questions.

SHRI DIPEN GHOSH: Why action was not taken?

SHRI KAMAL MORARKA: Only his Ministry is inolved. No other Ministry is involved. What has the Inter-Ministerial Group to do with this?

SHRI DIPEN GHOSH: Sir, first, they quoted a lower price. Then, they quoted a different price. They split it into two. They quoted a lower price earlier. They have not included the royalty. The hon. Minister has not said anything about it.

SHRI S. JAIPAL REDDY: Mr. Chairman, Sir, Pepsi offers us an archetypal example of functioning of multinationals in India. When this particular firm was allowed entry into the country, it was discussed in Both Houses of Parliament and, at that time, we said that these conditions were only a thin end of the wedge, that they would be honoured more in breach than in observance.

MR. CHAIRMAN: What you have said is proving prophetic.

SHRI S. JAIPAL REDDY: In his reply, the Minister has admitted that the price submitted by the Company to the three-man Committee was less than the price furnished by them to the Excise Department. The difference is 700 per cent. This explains and illustrates the magnitude of the deception and fraud the Company is playing on the country. Now the intention is to circumvent the extra conditionality. Therefore, we want the Government to give us a firm assurance in respect of enforcement of these conditonalities. This is the case with all other multinational companies. Now our policy is to throw our doors and windows open to these companies. We need to keep our eyes wide open.

SHRI GIRIDHAR GOMANGO: I have already replied to this question. The question is about the action taken by us. On the basis of that only we have issued the show-cause notice. The same question is being repeated. Therefore, my reply is the same.

MR. CHAIRMAN: The Government will see to it that the conditionalities are fulfiled. All the legal action that is necessary, they will take.

SHRI S. JAIPAL REDDY: In the meantime, will the production of soft drink concentrate be stopped? Until the conditionalities are enforced, will the production be stopped? That is the question.

MR. CHAIRMAN: They are examining the legal implications.

SHRI GIRIDHAR GOMANGO: The intention of the Government is not to stop the productoin but to see that they fulfil the obligations.

SHRI PRAMOD MAHAJAN: The Minister needs a glass of Pepsi

SHRI YASHWANT SINHA: Sir, Pepsi is a high profile case. The newspaper said that it put alot of fizz in its protest, but it has also put a lot of fudge in its figures. As my friend Jaipal Reddy said...

श्री सभापति : पूरा हाऊस जानता है जो आप कहना चाहते हैं ।

श्री यशवंत सिन्हा : नहीं यह पूरा हाउस नहीं जानता है क्योंकि नई सरकार की इंडस्ट्रियल पालिसी जो आई है उसमें बहुत सारे पेप्सी आने वाले है ।

They are going to take the country for a ride. Therefore, the question that I am asking is this. The Prime Minister is also sitting here. The question is, in view of the violations which are proved, where no further evidence is needed of the breach or violations by this particular firm, is the Government going to give them the marching orders or not? This is my specific question and I want a specific answer. If the Minister can't answer, let the Prime Minister answer.

SHRI GIRIDHAR GOMANGO: We have examined all these questions. On the basis of that we have already taken action

SHRI YASHWANT SINHA: What action? That show-cause notice was issued by us in April, when we were in power. What action has been taken after the show-cause notice was issued to them? This is shameful because everyday a number of times this question has come up and everyday we get the same evasive answers. I want to know, who is behind protecting Pepsi in this country? Come clean.

SHRI GIRIDHAR GOMANGO: There is no question of protecting Pepsi. The point is that on the basis of the report of the fact-finding team of officers I have taken the action. The action taken by your Government is all right. I am not saying that the action taken by your Government is wrong. If that was my stand, there would have been a different answer from me. The Government is a continuing process. Wherever they are wrong, we have to see that the wrong is rectified. If they are unable to rectify the wrong, them comes the question of taking necessary action.

MR. CHAIRMAN: He will take all the action.

SHRI GIRIDHAR GOMANGO: The point is, this is the question always put in both the Houses. We have replied 121 questions on Pepsi.

SHRI YASHWANT SINHA: You have only answered but not taken action.

SHRI KAMAL MORARKA: This is a serious matter. The Minister does not know what he is talking about.

MR. CHAIRMAN: He is only telling that he will take whatever action is permitted under the framework of the law of the land.

SHRI KAMAL MORARKA: Please tell us, why should any industrial house follow any conditions set by the Government if the breach of those conditions is being allowed? The conditions are only on a piece of paper. The Minister is saying that they have issued a show-cause notice. He should show cause why he should still be in that chir.—*(Interruptions)*...

SHRI GIRIDHAR GOMANGO: I simply appear to you... *(Interruptions)*....

श्री रत्नाकर पाण्डेय : आप इनको धमका रहे है। इस तरह से मत धमकाइये। अगर इस तरफ से धमकायेंगे तो जो जवाब देना चाहते हैं वह भी भूल जायेंगे। **(व्यवधान)**

श्री अजीत जोगी : प्यार से पूछिये।

MR. CHAIRMAN: The Minister can deal with the whole thing.

(Interruptions)..

SHRI GIRIDHAR GOMANGO: Sir, the point here is, we have already replied to 121 questions on Pepsi from the beginning. Whatever form...

MR. CHAIRMAN: You only give the answer to this question.

SHRI GIRIDHAR GOMANGO: No, Sir. In whatever, I am ready to reply. Let there be a discussion or, whatever step you want, I am ready to accept that.

MR. CHAIRMAN: Shri Suresh Kalmadi

SHRI SURESH KALMADI: I didn't ask; I didn't put up my hand at all.

MR. CHAIRMAN: Then it was something else. ...*(Interruption)*...Dr. Y. Sivaji. Dd you raise your hand?

DR. YELAMANCHILI SIVAJI: Yes, Sir. ..*(Interruptions)*...

SHRIMATI JAYANTHI NATARAJAN: You call those who don't want to ask questions [illegible] to ask.

MR. CHAIRMAN: Leave it to me, Mrs. Natarajan.

DR. YELAMANCHILI SIVAJI: Sir, the popular feeling in this country is that the Ministry of Food Processing...

[illegible]ANT SINHA: Ministry of [illegible] ...*(Interruptions)*..

MR. CHAIRMAN: You want a Ministry of Food Poisoning!

DR. YELAMANCHILI SIVAJI: Sir, the popular feeling in this country is that the Ministry of Food Processing was created only to clear the Pepsi project. The project has been cleared and grounded, is there any proposal to wind up the Food Processing Ministry lock, stock and barrel?